Headquarters U.S. Air Force

Integrity - Service - Excellence

AF Leadership Perspective On AF Housing Privatization

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HQ USAF/ILEH
10 Feb 04

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Roadmap

- Current Military Family Housing Situation
- Privatization Goal
- Out of Court Settlement
- Current Situation
- Challenges
- What's Next
- Summary

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Current Military Family Housing Situation

- **Approximately 40% of our families live on base**
- **104,000 AF family housing units**
  - **Average age is 32 years**
  - **40,000 inadequate**
  - **Cost to fix using MILCON: > $5.6 Billion**
  - **Time to fix: 12 years with current funding and no privatization**

"Non-traditional approach to MFH revitalization is required!"

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Housing Sources for Air Force Families

- **Local community housing first**
- **Privatization**
- **Military Construction (MILCON)**
  - **Operations and Maintenance (O&M) Funding to maintain existing housing**

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Air Force Housing Privatization Goal

Accelerate our ability to eliminate inadequate housing units and provide military families access to safe, quality, affordable, well-maintained housing in a community where they will CHOOSE to live

Elmendorf AFB, AK
828 Units Status: Complete

Robins AFB, GA
670 Units Status : Complete

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Congressional Exchange on Housing Privatization

- **"Mr. Secretary, the Army, I think, has done a fantastic job in this area. And I want to praise the Army publicly. And I would also say, in my opinion, the worst service has been the Air Force, in terms of not following through on the privatization".**

  - Congressman Weldon

  (SecDef Testimony to HASC)

- **"You're right, the Air Force is the one service that it appears in the current Forward Year Defense Plan will not get down to our target during that period of '04 to '09".**

  - Secretary Rumsfeld

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"Out of Court" Settlement

- **Agreement between SECAF and Under SECDEF**
  - **Eliminate inadequate housing at U.S. bases by 2007 with exception of Grand Forks, Minot, Malmstrom and Mountain Home**
  - **Eliminate inadequate housing oversees by 2009**
  - **Increase housing funding by $1.15B between 2004-07**
  - **Privatize 60% of CONUS Housing by 2007**
  - **Provide Periodic Updates**
- **Meets 2003 Defense Planning Guidance**

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Where We Are

- **Working to meet/beat Out of Court Settlement**
- **Requirements determination results In place**
- **Solid process developed, but keep improving**
- **Faced with opportu r but also new challe**

Lackland AFB, Tx
420 Units Status: Complete

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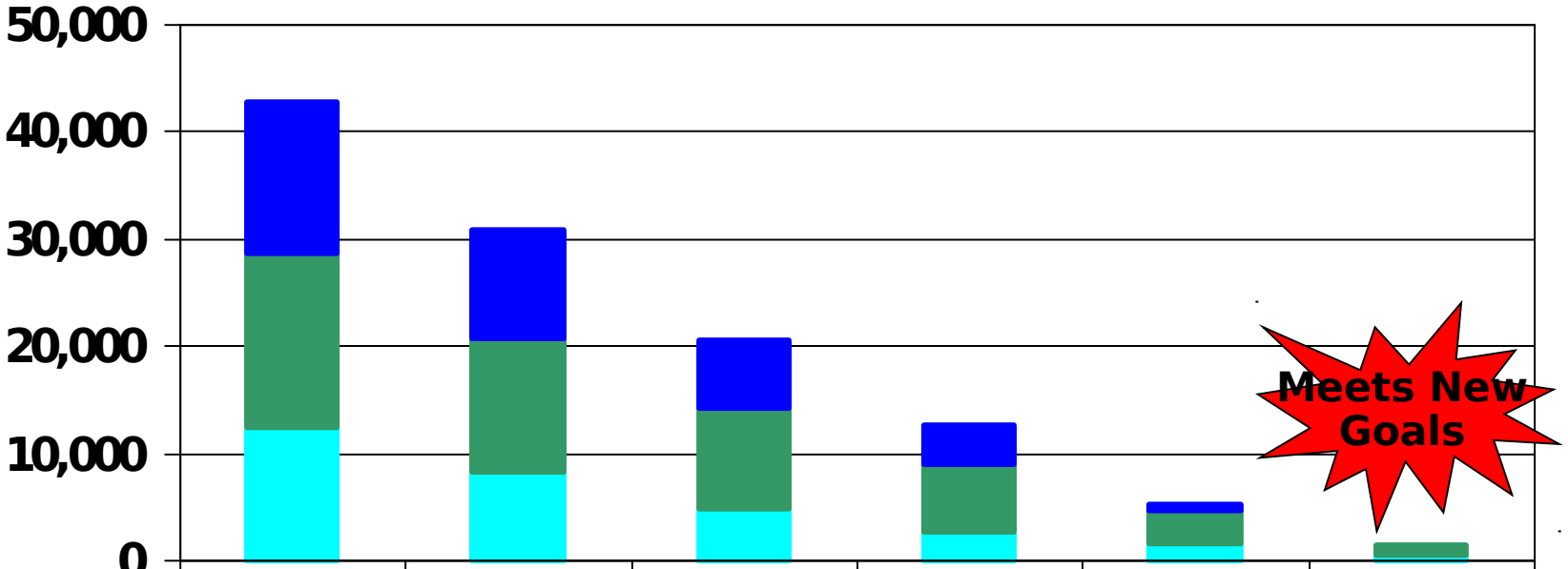
AF/OSD Out of Court Settlement Update
Total AF Inadequate Units

- **Agreement: Eliminate inadequate housing at all bases in the US by 2007, except for 4 northern bases by 2008, and overseas bases by 2009**
- **Chart shows total remaining AF inadequate units each Fiscal Year**



	FY04	FY05	FY06	FY07	FY08	FY09
Disposed	14,168	10,144	6,222	3,516	612	0
Replaced	16,248	12,374	9,395	6,270	3,079	1,041
Improved	12,440	8,349	4,936	2,762	1,582	475

NOTE: This programming data is based on a combination of the 2002 Family Housing Master Plan (FHMP) requirements, and approved Housing Requirements and Market Analysis (HRMA) results. HRMA results at some bases are being finalized. The 2004 FHMP will include all requirements.

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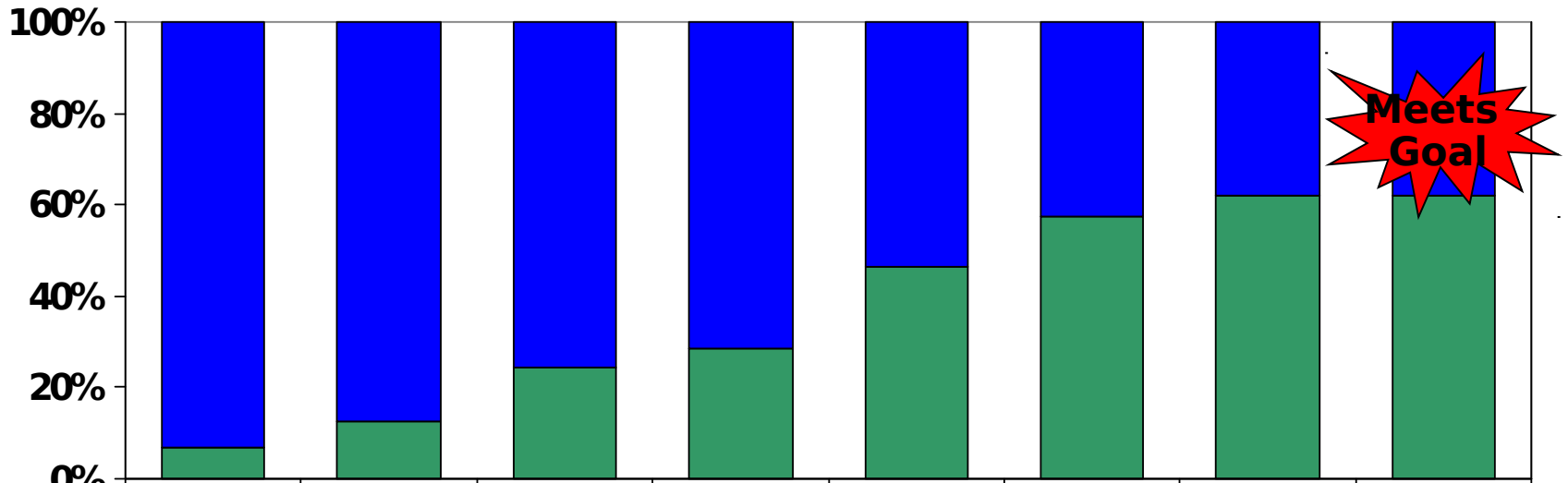
AF/OSD Out of Court Settlement Update
U.S. Housing Units Privatized

- **Agreement: Increase planned privatization to achieve a notional end state of 60% of the Air Force inventory in the US and its territories**
- **Chart shows cumulative total of Air Force units privatized by Fiscal Year & Percentage**



	FY98-00	FY01	FY02	FY03	FY04	FY05	FY06	FY07
#Gov Owned Units	76,860	72,176	60,360	56,988	37,946	29,072	24,783	24,783
#Units Privatized	5,486	10,481	19,367	22,571	32,855	38,972	40,161	40,161
Total Units	82,346	82,657	79,727	79,559	70,801	68,044	64,944	64,944

NOTE: This programming data is based on a combination of the 2002 Family Housing Master Plan (FHMP) requirements, and approved Housing Requirements and Market Analysis (HRMA) results. HRMA results at some bases are being finalized. The 2004 FHMP will include all requirements.

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Progress Made

- Seven projects awarded; more shortly
- Numerous process improvements
- Eliminated severability roadblock
  - Encourages whole base projects
  - Includes GOQs/historic
- Program gaining momentum and buy-in

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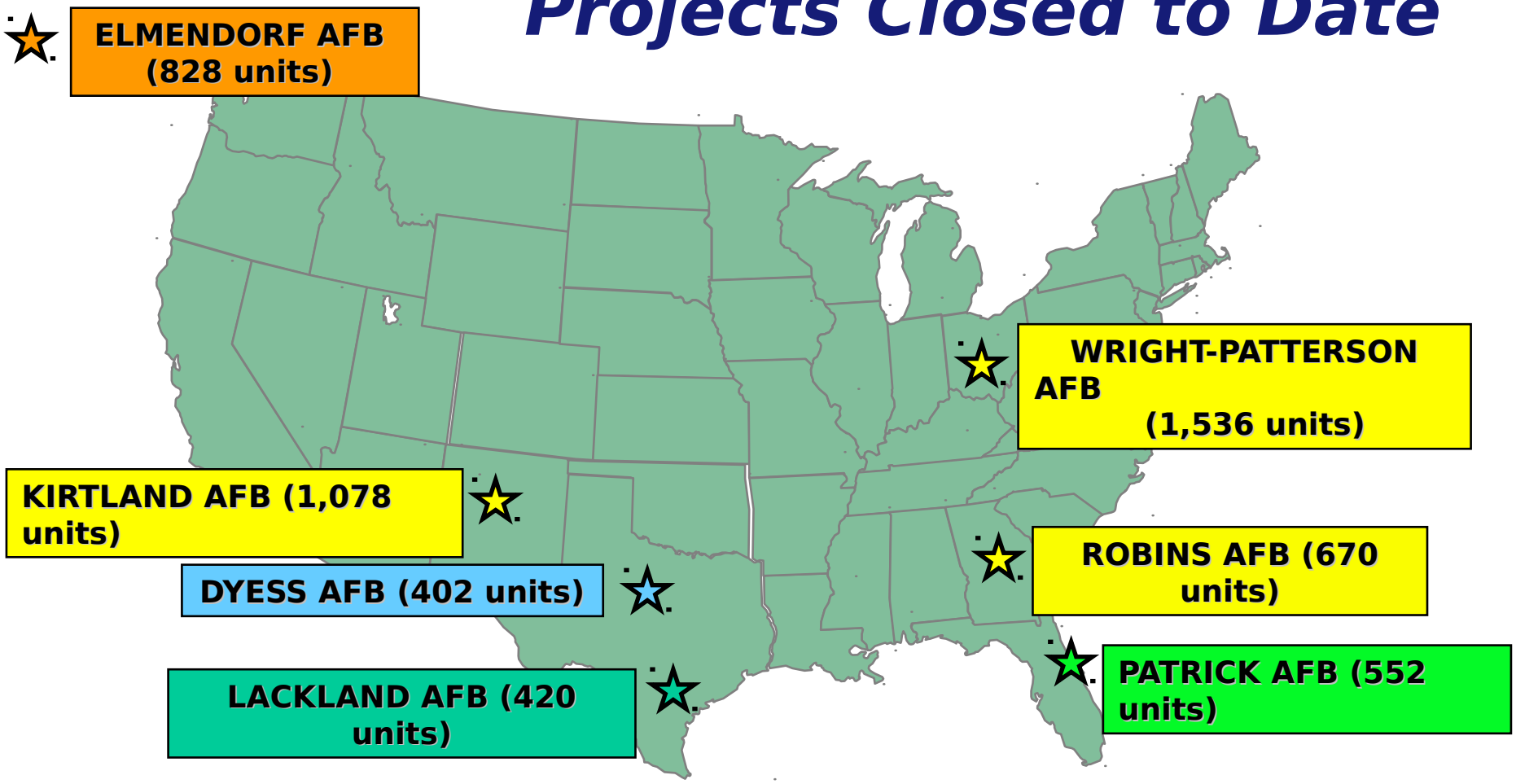
Housing Privatization Projects:

Projects Closed to Date


ELMENDORF AFB (828 units)
WRIGHT-PATTERSON AFB (1,536 units)
KIRTLAND AFB (1,078 units)
ROBINS AFB (670 units)
DYESS AFB (402 units)
PATRICK AFB (552 units)
LACKLAND AFB (420 units)

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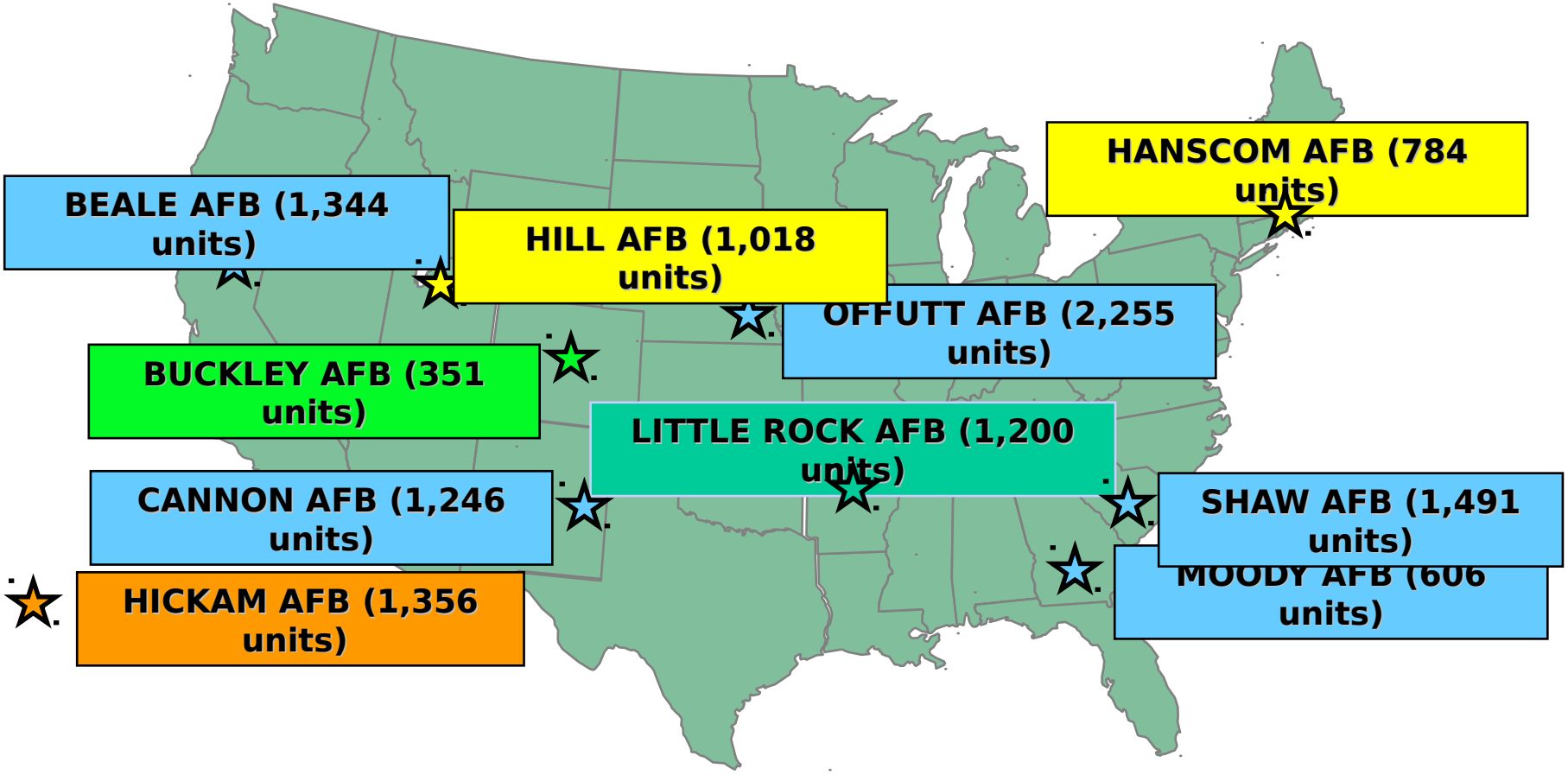
Housing Privatization Projects: Projects to Close Soon


BEALE AFB (1,344 units)
HILL AFB (1,018 units)
HANSCOM AFB (784 units)
OFFUTT AFB (2,255 units)
BUCKLEY AFB (351 units)
LITTLE ROCK AFB (1,200 units)
CANNON AFB (1,246 units)
SHAW AFB (1,491 units)
HICKAM AFB (1,356 units)
MOODY AFB (606 units)

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Challenges

- Minimize use of scored dollars
- Reduce delays by OSD/OMB/Congress
- Support OSD on working ‘cap’ issue
- Offer better financing opportunities
- Adjust to deal with the impact of BAH changes
- Minimize costly delays at any point in process
- Strengthen transition activities and staffing
- Work with BRAC impacts

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Where We're Going

- **Work together (all levels) to make HP happen**
- **Maintain or improve on approved schedules**
- **Use benefits of 'grouping' where needed to get more housing upgraded using less MILCON funds**
- **Continue process improvements and lessons learned changes to accelerate and enhance program**

Summary

- **Congressional authorities give us the tools we need and support a long term commitment to our AF families to provide quality housing**
- **AF leadership sees HP as a key path to get timely, adequate housing for our families**
- **Pace of privatization is accelerating**
- **It's important to keep the success going – important to our AF families; equally important to the AF**

The Importance of Quality Housing

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"Housing represents readiness in today's expeditionary AF – members rely on their families being safely, adequately housed as they deploy worldwide."

From Vision Statement, Senior Leader Offsite, July 2003